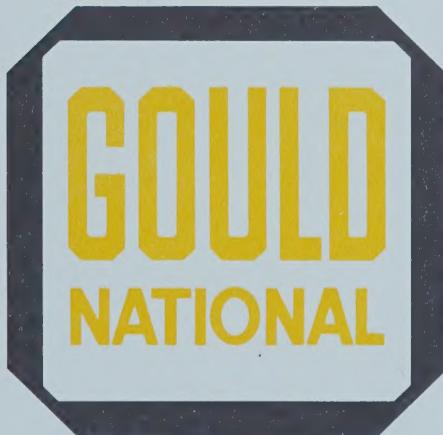


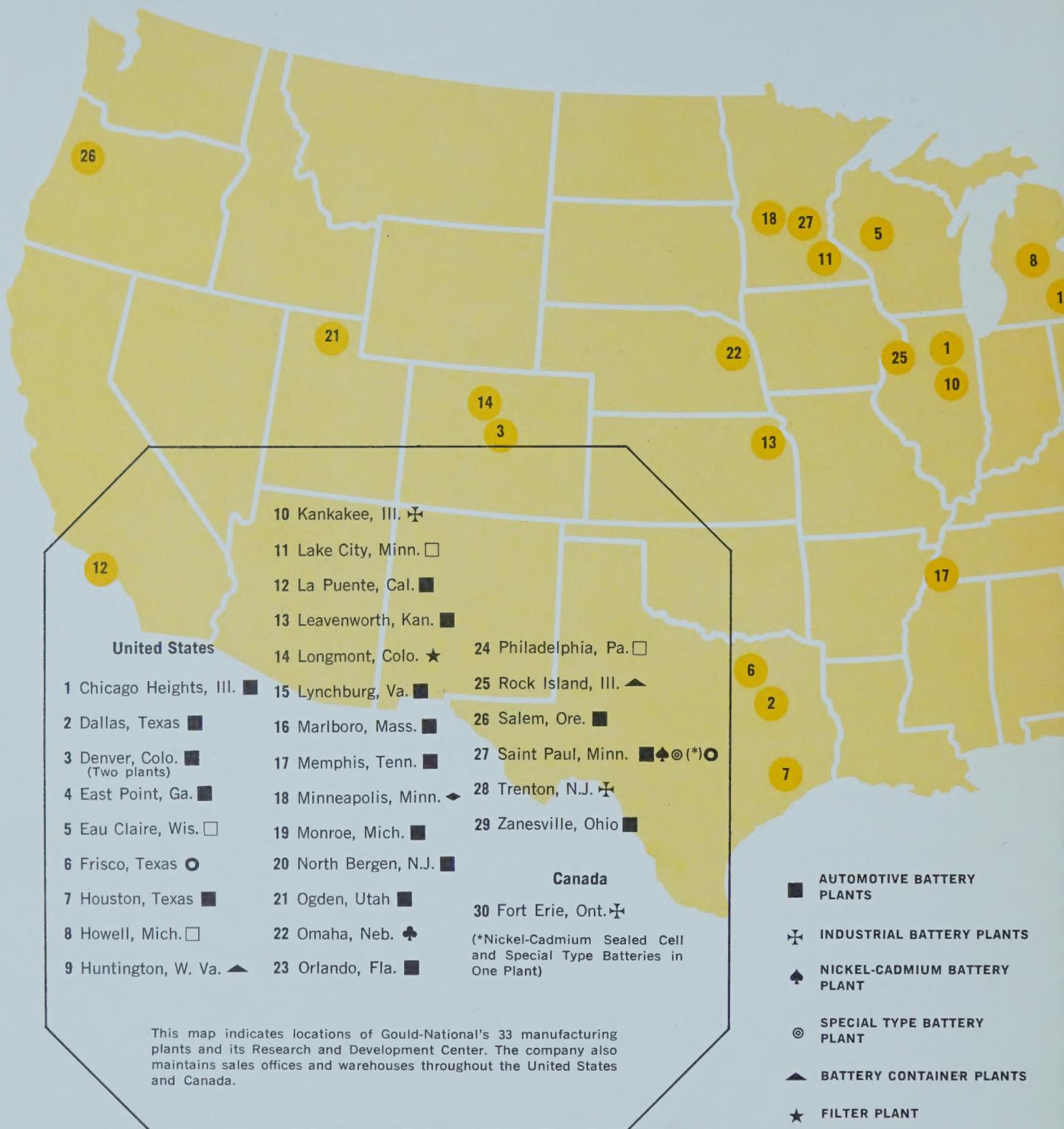
ANNUAL REPORT

FOR YEAR ENDED APRIL 30,

1964



GOULD-NATIONAL Batteries, Inc.



PRINCIPAL LOCATIONS



FOR THE YEARS ENDED APRIL 30,

	1964	1963	1944
Net Earnings	\$ 2,506,165	\$ 4,090,449	\$ 763,751
Dividends Declared on Common Stock	2,258,447	2,258,399	234,639
Earnings Per Share of Common Stock (a)	1.44	2.35	.65
Dividends Declared Per Share of Common Stock (b)	1.30	1.30	.20
Income Taxes Per Share of Common Stock (a)	1.49	2.48	1.51
Average Number of Shares Outstanding During the Year, Less Treasury Shares (b)	1,737,267	1,737,208	1,173,192
(a) Based on average number of shares outstanding during the year, less Treasury Shares.			
(b) Adjusted for stock splits.			
 AT THE END OF THE FISCAL YEAR			
Working Capital	\$26,104,566	\$25,441,541	\$ 2,904,539
Net Worth	42,559,007	42,315,051	4,467,355
Number of Employees	4,779	5,158	2,845
Number of Common Shareholders	3,742	3,873	450
Number of Common Shares Outstanding (b)	1,737,260	1,737,282	1,173,192
(b) Adjusted for stock splits.			



TWO YEAR COMPARISON AND 20 YEARS AGO

OUR FISCAL YEAR, which ended April 30, 1964, opened with unusually favorable prospects of greatly increased sales and earnings. Unfortunately we were involved with a major strike during the year which seriously affected production and sales in several of the company's divisions. By the end of the fiscal year we had regained much of this lost ground despite the fact the strike was not concluded until October, 1963.

[SALES] Consolidated net sales of \$87,022,060 were \$5,464,417, or 5.9%, below the previous year. This reduction in sales was largely brought about by two factors. Much of the country experienced an unseasonably mild winter which reduced industry sales of automotive batteries by 20% during the last four months of our fiscal year. Past history indicates that most of this business is not lost but has been deferred to the fall and winter of 1964-65. The second factor was our labor difficulties.

[EARNINGS] Consolidated net earnings were \$2,506,165. This amount is \$1,584,284, or 38.7%, below the previous year. This substantial and disappointing drop in earnings was caused primarily by the forced cessation of production and shipments at several of our plants. These circumstances alone cut the year's profits possibly by as much as 50% of what they otherwise might have been. Other contributing factors were the mild winter season and a book loss taken on the closing and later sale of an unprofitable plant at Easthampton, Massachusetts.

The Easthampton plant had been engaged in manufacturing open-cell or vented nickel-cadmium batteries. Its closing will improve our future earnings as the plant had lost money regularly during recent years primarily because of depressed selling prices and a limited market. It is probable that some of the market needs for its former products will be met in the future by production from our expanding sealed cell nickel-cadmium operations.

Earnings amounted to \$1.44 per share on the average number (1,737,267) of Common Shares outstanding during the year. This is 91¢ per share less than the \$2.35 per share earned for the previous year on the average number (1,737,208) of Common Shares outstanding during that year.

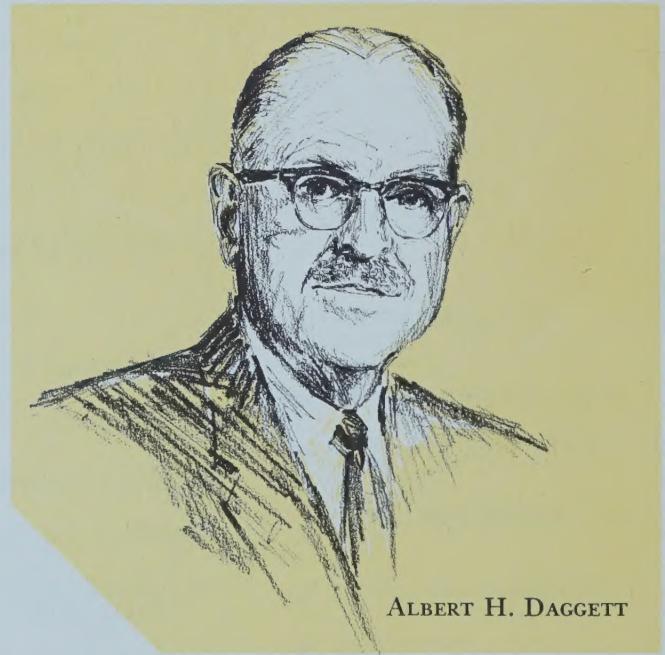
[DIVIDENDS] Four quarterly dividends of 32½¢ per share were declared and paid on Common Shares in the total amount of \$2,258,447. This is the largest total of cash dividends paid in any year.

[FINANCIAL POSITION] Our financial position strengthened in spite of our relatively modest earnings. Net Current Assets (Current Assets less Current Liabilities) increased by \$663,025 to a record year-end high of \$26,104,566.

Earnings Retained for Use in the Business increased by \$247,718 and amounted to \$34,346,314 at the end of the year.

Federal Income Tax returns have been audited and settlements reached for all fiscal years through April 30, 1963 for Gould-National Batteries, Inc. and all but one of its consolidated subsidiaries.

The company's investments in General Trading Company and in G N Finance Company are shown on our balance sheet, but our consolidated financial statements do not otherwise include the accounts of these two non-manufacturing subsidiaries. General Trading Company is a St. Paul-based warehouse distributor of automotive parts and industrial items, serving independently-owned franchised outlets. The changeover to a franchise-store operation, begun in fiscal 1962-63 has been completed this year. At present there are 63 stores compared with 43 at this time a year ago. Most of G N Finance Company's loans have been to finance the sale of stores previously owned and operated by General Trading Company.



ALBERT H. DAGGETT

MANAGEMENT LETTER *to the shareholders of Gould-Nation*

[PLANT AND EQUIPMENT] We made purchases of property, plant and equipment totalling \$1,810,677 which is substantially less than the average of recent years and was largely for replacement purposes. We postponed for a year some plans for new fixed capital investments.

In addition, near the end of the year we commenced construction of an automotive battery plant at Orlando, Florida and a lead oxide manufacturing plant at Frisco, Texas, near Dallas. The completion of these will bring the number of Gould-National's plants in the United States and Canada to a total of 33. An option has been taken for land near Sacramento, California on which a new automotive battery plant will be constructed in the near future.

Our depreciation and amortization expense was \$1,966,625.

We did take advantage of the Revenue Act of 1962, as amended, provisions which allow an investment credit against taxes.

[PRODUCTS] Gould-National's original business, and still its largest division, is the manufacture and sale of automobile batteries. For over 46 years, our product has been steadily improved and its market has grown remarkably. Certainly automobile registrations, upon which our market depends, will continue to grow in

the future. Through continued research and development, we expect our batteries to consistently gain in value and customer appeal.

We expect to further increase our share of the market in the southeastern part of the United States as a result of the opening of our new Orlando, Florida plant this fall. Construction of additional plant facilities can be expected to increase our market penetration in other parts of the country.

Sales of our Industrial Battery Division depend on general business conditions. The current expanding economy therefore, enhances our business prospects for this year and the foreseeable future.

Nicad brand products of our new Alkaline Battery Division still account for the major portion of sales of nickel-cadmium sealed cells in this country. The markets and end uses for such cells continue to multiply rapidly, thus indicating an ever-broadening base for the products of this division.

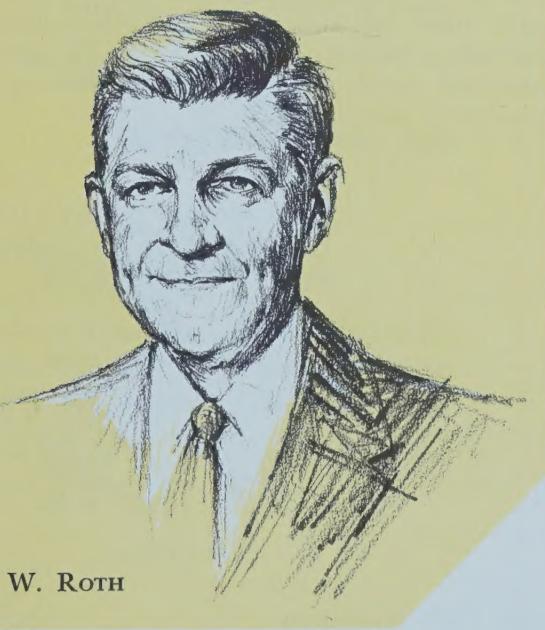
A most important and highly favorable development affecting this area of our corporation is a U.S. District Court decision handed down in June 1964 which upheld a Gould-National claim against Gulton Industries of New Jersey. The suit was commenced by Gould-National in 1961 and involved two patents pertaining to sealed rechargeable nickel-cadmium cells and batteries. Gulton was judged to have infringed the most commercially significant claim, while certain other claims were found invalid.

This judgment is, of course, subject to appeal, but we regard the court's finding as highly advantageous in enhancing our position in the rapidly expanding market for sealed cells.

Sales of two special battery types, the silver chloride and silver-zinc, for which we are a leading supplier, continue at a favorable level. Both types are primarily used by the military with the silver chloride battery utilized exclusively for torpedoes while the silver-zinc battery is used for various other specialized Department of Defense items.

The Engine Parts Division underwent a complete marketing reorganization during the fiscal year. Product lines, packaging, advertising and the sales force were streamlined to improve our profit picture and our share of market. Several new private brand contracts, received near the end of the fiscal year, have increased sales appreciably.

The company's Filter Division made good progress during the year. Sales agreements with several new



FRED W. ROTH

large private brand customers required the expansion of our manufacturing facilities to a point where our capacity this summer will be four times that of the plant which we purchased in August, 1960.

[ORGANIZATION AND PERSONNEL] The major labor difficulties referred to earlier in this letter closed thirteen plants on various dates between May 22 and July 10, 1963. It was settled by the signing of a contract running from October 15, 1963 until April 15, 1966. The strike was called by the International Brotherhood of Electrical Workers (IBEW-AFL-CIO) and was marked by mass picketing and physical violence. It was our first major strike in many years.

With the continued growth and diversification of Gould-National, your management has deemed it advisable to strengthen operations by appointing a Vice President and General Manager to each of the company's major divisions. Each General Manager will have profit responsibility for the division under his authority and will be in charge of all phases of sales, manufacturing and engineering. All General Manager appointments were made from within the company's existing management group.

Mr. Alan W. Brunsell was appointed Vice President—General Manager, Automotive Battery Division. He was formerly Vice President—Sales, Nicad Battery Division. Mr. George P. Millington, Jr. was appointed Vice President—General Manager, Industrial Battery Division. He was formerly General Sales Manager, Industrial Battery Division. Mr. Donald J. Nedved was appointed Vice President—General Manager, Alkaline Battery Division. He was formerly Vice President—Operations, Nicad Sealed Cell Division. Mr. John O. Lutz was appointed Vice President—General Manager, Engine Parts Division. He formerly served as Original Equipment Sales Manager, Engine Parts Division. Mr. B. Douglass Hollar, formerly Vice President—Operations, Filter Division, was appointed Vice President—General Manager for that division.

We report with deep regret the death of two valued officers and directors of the company, Dr. Harold E. Zahn, Vice President—Research and Engineering and Mr. William E. Wilkening, Vice President—Sales, Engine Parts Division. Dr. Zahn has been succeeded as Director of Research and Development by Dr. David L. Douglas, formerly associated with General Electric. Mr. Wilkening has been succeeded by Mr. David A. Cowhig, formerly National Accounts Sales Manager,

Engine Parts Division and a Vice President of our Wilkening Manufacturing Company subsidiary.

To succeed Dr. Zahn and Mr. Wilkening on the Board of Directors, the remaining members of the Board have elected Mr. Norman R. Farsje, the company's Vice President—Director of Sales and Dr. Athelstan F. Spilhaus, Dean of the Institute of Technology of the University of Minnesota.

On July 1, 1964, Mr. Clarence E. Carlson, Assistant Treasurer and Assistant Secretary, retired after more than 42 years of service. Mr. Rodney P. Thoreson, associated with the company since 1946, was elected to succeed Mr. Carlson as Assistant Secretary.

The past year, marked by both favorable developments and stress of labor troubles, has called for an extra measure of loyalty and hard work from management and non-management employees alike. These exceptional efforts were given generously and are appreciated deeply.

[LOOKING AHEAD] The new year opened with the hopes of our best year in history from the standpoint of both sales and profits. Continuing expansion of the nation's economy should affect this favorably.

The effects of the strike are behind us, and we look forward to a year with no major labor difficulties. The additional plant facilities will allow both production economies and increased sales opportunities. Management reorganization of our divisions should make these operations more effective, efficient and profitable. We are budgeting a banner year in both sales and profits and expect to achieve it barring unforeseen developments.

Chairman of the Board

President

Saint Paul, Minnesota

July 10, 1964



FOR YEARS ENDED APRIL 30,

Net Sales	\$87,022,060
Earnings Before Income Taxes	5,090,115
Income Taxes	2,583,950
Net Earnings	2,506,165
Dividends Declared on Common Stock	2,258,447
Amount Retained for Use in the Business	247,718
Income Taxes Per Share of Common Stock (a)	1.49
Net Earnings Per Share of Common Stock (a)	1.44
Average Number of Common Shares Outstanding During the Year, Less Treasury Shares (b)	1,737,267

(a) Based on average number of shares outstanding during the year, less Treasury Shares.
 (b) Adjusted for 2 for 1 stock split August 16, 1960.

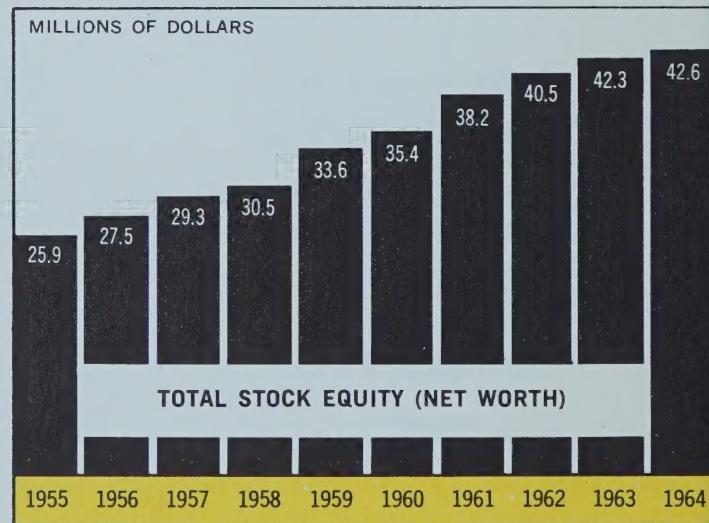
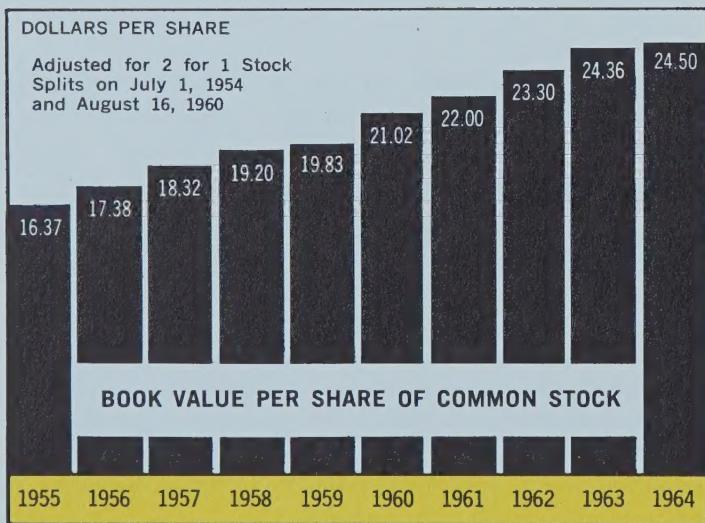
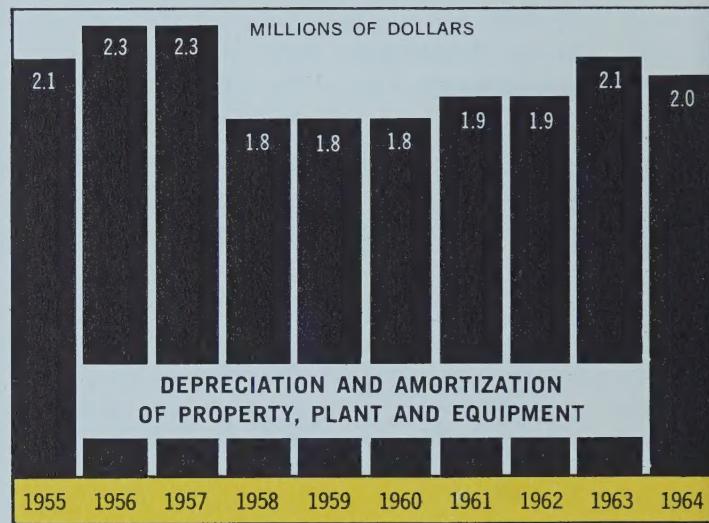
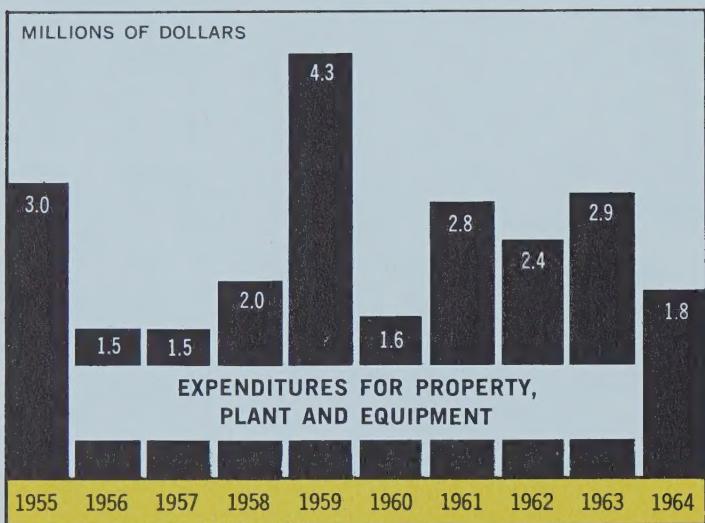
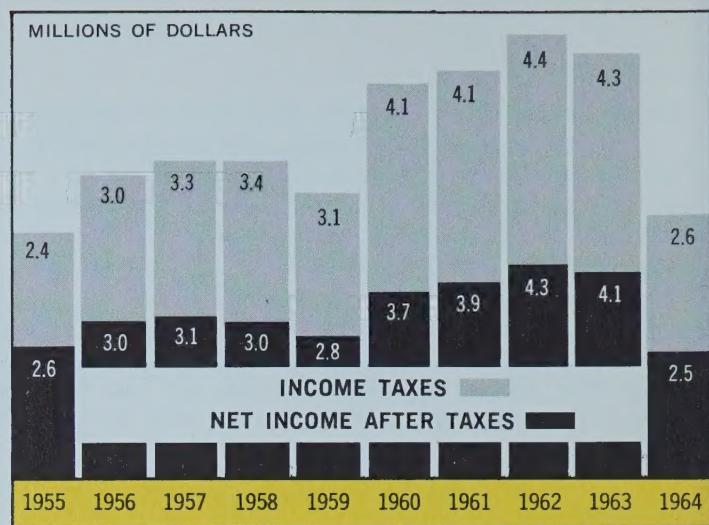
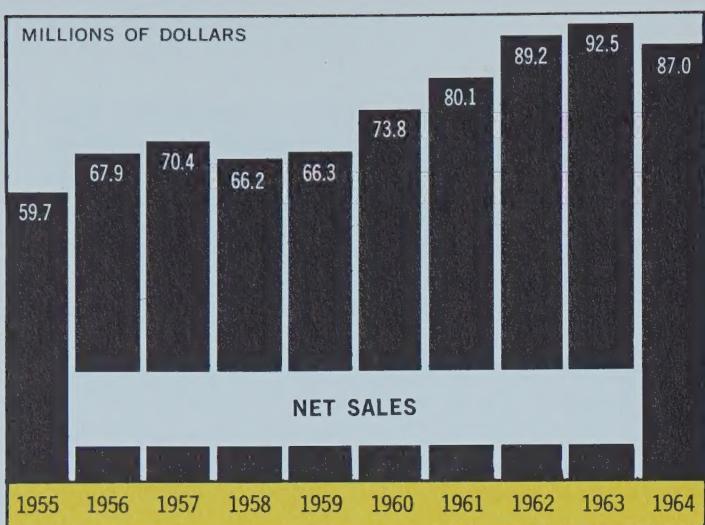
AT THE END OF FISCAL YEAR

Book Value of Property—Net	\$14,114,615
Working Capital	26,104,566
Shareowners' Equity	42,559,007
Shares of Common Stock Outstanding (b)	1,737,260
Book Value Per Share of Common Stock (b)	\$24.50

(b) Adjusted for 2 for 1 stock split August 16, 1960.

	1964	1963	1962	1961	1960
Net Sales	\$92,486,477	\$89,179,762	\$80,140,245	\$73,808,086	
Earnings Before Income Taxes	8,405,137	8,723,875	7,940,538	7,717,234	
Income Taxes	4,314,688	4,378,140	4,079,722	4,060,101	
Net Earnings	4,090,449	4,345,735	3,860,816	3,657,133	
Dividends Declared on Common Stock	2,258,399	2,085,211	2,053,500	1,685,070	
Amount Retained for Use in the Business	1,832,050	2,260,524	1,807,316	1,972,063	
Income Taxes Per Share of Common Stock (a)	2.48	2.52	2.40	2.41	
Net Earnings Per Share of Common Stock (a)	2.35	2.50	2.28	2.17	
Average Number of Common Shares Outstanding During the Year, Less Treasury Shares (b)	1,737,208	1,737,465	1,697,045	1,686,513	

FIVE YEAR RECORD



COMPARATIVE CHARTS

EARNINGS



YEAR ENDED APRIL 30,

1964

1963

Net sales	\$87,022,060	\$92,486,477
Costs and expenses:		
Cost of products sold, selling and administrative expenses (including provision for depreciation — 1964—\$1,966,625; 1963—\$2,109,370)	\$81,759,523	\$84,067,609
Interest expense	123,284	33,935
Other deductions (income)	49,138	(20,204)
EARNINGS BEFORE TAXES THEREON	\$81,931,945	\$84,081,340
Federal, state and Canadian income taxes—estimated	<u>\$ 5,090,115</u>	<u>\$ 8,405,137</u>
	<u>2,583,950</u>	<u>4,314,688</u>
NET EARNINGS	<u>\$ 2,506,165</u>	<u>\$ 4,090,449</u>

EARNINGS RETAINED

FOR USE IN THE BUSINESS

Balance at beginning of year	\$34,098,596	\$32,266,546
Net earnings for the year	<u>2,506,165</u>	<u>4,090,449</u>
Deduct cash dividends declared—\$1.30 a share	<u>\$36,604,761</u>	<u>\$36,356,995</u>
	<u>2,258,447</u>	<u>2,258,399</u>
BALANCE AT END OF YEAR	\$34,346,314	\$34,098,596

See notes to financial statements.

STATEMENT OF EARNINGS & EARNINGS RETAINED

Gould-National Batteries, Inc. and Consolidated Subsidiaries



ASSETS

APRIL 30,	1964	1963
CURRENT ASSETS		
Cash	\$ 2,260,674	\$ 1,859,424
Trade accounts receivable, less allowances (1964—\$187,895; 1963—\$141,849)	11,780,096	12,119,752
Inventories—Note B	23,308,939	22,587,330
Prepaid expenses and other current assets	<u>473,582</u>	<u>696,402</u>
TOTAL CURRENT ASSETS	\$37,823,291	\$37,262,908
INVESTMENTS AND OTHER ASSETS		
Investment and advances to unconsolidated subsidiaries—Note A	\$ 702,000	\$ 702,000
Products on rental less amortization, and other assets	<u>1,637,826</u>	<u>1,466,620</u>
	\$ 2,339,826	\$ 2,168,620
PROPERTY, PLANT AND EQUIPMENT— on the basis of cost		
Land	\$ 548,116	\$ 563,424
Buildings	12,606,113	12,661,523
Machinery and equipment	<u>12,722,124</u>	<u>16,133,487</u>
	\$25,876,353	\$29,358,434
Less allowances for depreciation	<u>11,761,738</u>	<u>14,653,544</u>
	\$14,114,615	\$14,704,890
	<u>\$54,277,732</u>	<u>\$54,136,418</u>

BALANCE SHEET

Gould-National Batteries, Inc. and Consolidated



LIABILITIES

	APRIL 30,	1964	1963
CURRENT LIABILITIES			
Notes payable:			
To banks		\$ 925,000	\$ 600,000
To others		<u>1,000,000</u>	<u>— o —</u>
		\$ 1,925,000	\$ 600,000
Accounts payable and accrued expenses		7,362,681	7,903,393
Dividend payable		564,610	564,617
Income taxes—estimated—Note C		<u>1,866,434</u>	<u>2,753,357</u>
		\$11,718,725	\$11,821,367
 SHAREOWNERS' EQUITY			
Preferred Stock, par value \$50 a share:			
Authorized and issuable—100,000 shares			
Outstanding—none		\$ — o —	\$ — o —
Common Stock, par value \$4.00 a share:			
Authorized—3,000,000 shares			
Issued (including shares in treasury)			
1,738,864 shares		6,955,456	6,955,456
Additional paid-in capital		1,285,432	1,290,482
Earnings retained for use in the business		34,346,314	34,098,596
Less cost of Common Stock in treasury			
1964—1,604 shares; 1963—1,582 shares		(28,195)	(29,483)
		<u>\$42,559,007</u>	<u>\$42,315,051</u>
 CONTINGENT LIABILITIES—Note A			
See notes to financial statements.		<u>\$54,277,732</u>	<u>\$54,136,418</u>

Note A—PRINCIPLES OF CONSOLIDATION

All subsidiaries of the Company are wholly-owned. All manufacturing subsidiaries are included in the consolidated financial statements and all significant intercompany accounts and transactions have been eliminated. Unconsolidated subsidiaries are General Trading Company (acquired in 1960), principally a wholesale distributor of automotive parts, and G N Finance Company, organized in 1962 primarily to finance customer paper and contracts arising from the sale of jobber outlets of General Trading Company. Pertinent financial data of these unconsolidated subsidiaries at April 30, 1964 is as follows:

	General Trading Company	G N Finance Company
Cash, receivables and inventories	\$ 2,026,300	\$ 1,957,912
Current liabilities	<u>1,333,254</u>	<u>1,722,527</u>
Properties and other assets	<u>\$ 693,046</u>	<u>\$ 235,385</u>
	<u>160,238</u>	<u>8,994</u>
Long-term debt	<u>\$ 853,284</u>	<u>\$ 244,379</u>
Net equity of investment and advances	<u>402,722</u>	<u>— o —</u>
Net income (loss) from operations since date of acquisition not reflected in the consolidated financial statements	<u>\$ 450,562</u>	<u>\$ 244,379</u>
	<u>(<u>\$ 51,438</u>)</u>	<u>\$ 44,379</u>

The General Trading Company inventory of \$1,221,583 is carried at LIFO cost which is approximately \$616,000 less than current replacement cost.

Liabilities of these subsidiaries are guaranteed by the parent company.

Note B—INVENTORIES

All inventories were priced at the lower of cost (first-in, first-out method) or replacement market. Inventories at the end of the respective fiscal years were as follows:

	1964	1963
Finished products	\$ 9,570,710	\$ 9,739,734
Finished parts and work in process	<u>8,037,099</u>	<u>8,252,647</u>
Materials and supplies	<u>5,701,130</u>	<u>4,594,949</u>
	<u>\$23,308,939</u>	<u>\$22,587,330</u>

Note C—FEDERAL INCOME TAXES

Federal income tax returns of the Company have been examined by taxing authorities through the fiscal year ended April 30, 1963 and there are no matters pending. The 7% investment credit, which was not material in amount, has been credited to income tax expense.

Note D—RENEGOTIATION

No adjustments are expected in connection with renegotiation matters for fiscal years 1964 and 1963 which would materially affect the financial statements. Renegotiation matters for all other prior years have been settled.

Note E—OPERATIONS

Sales and net earnings for the year were depressed by a major strike, now settled, affecting several battery plants and one battery container plant.

NOTES TO FINANCIAL STATEMENTS

STATEMENT OF WORKING CAPITAL

ACCOUNTANTS' REPORT



YEAR ENDED APRIL 30,

	1964	1963
Working capital at beginning of year	\$25,441,541	\$24,320,867
Additions:		
From operations:		
Net earnings for the year	\$ 2,506,165	\$ 4,090,449
Provision for depreciation	1,966,625	2,109,370
Amortization of cost of products on rental	461,958	360,507
Total from operations and total additions	<u>\$ 4,934,748</u>	<u>\$ 6,560,326</u>
Deductions:		
Cash dividends	\$ 2,258,447	\$ 2,258,399
Additions to properties, less carrying amount of disposals	1,376,350	2,724,620
Investment in products on rental and other assets	636,926	456,633
Total deductions	<u>\$ 4,271,723</u>	<u>\$ 5,439,652</u>
Increase in working capital	<u>\$ 663,025</u>	<u>\$ 1,120,674</u>
Working capital at end of year	<u><u>\$26,104,566</u></u>	<u><u>\$25,441,541</u></u>
Current assets	\$37,823,291	\$37,262,908
Current liabilities	11,718,725	11,821,367
Working capital	<u><u>\$26,104,566</u></u>	<u><u>\$25,441,541</u></u>

ERNST & ERNST

FIRST NATIONAL BANK BLDG.

ST. PAUL I, MINN.

Board of Directors
Gould-National Batteries, Inc.
Saint Paul, Minnesota

We have examined the balance sheet of Gould-National Batteries, Inc. and consolidated subsidiaries as of April 30, 1964 and the related statements of earnings and earnings retained for use in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously made a similar examination of the financial statements for the preceding year.

In our opinion, the accompanying balance sheet and statement of earnings and earnings retained for use in the business present fairly the consolidated financial position of Gould-National Batteries, Inc. and consolidated subsidiaries at April 30, 1964 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. It is also our opinion that the accompanying statement of working capital presents fairly the information therein shown.

Saint Paul, Minnesota
June 22, 1964

Ernst & Ernst

THE FOLLOWING SUMMARY of facts concerning Gould-National's Divisions may be of interest to help you better understand the financial statements and management letter.

AUTOMOTIVE BATTERY DIVISION This Division is the one on which the company was originally founded and is still the largest. It sells to a large, constantly expanding and varied market. The Division is served by 18 strategically located battery manufacturing plants. Plant locations are shown on the inside front cover of this report.

These factories produce a complete line of batteries for passenger cars, trucks, buses and other highway vehicles as well as for farm tractors, farm power equipment, marine engines and other off the highway vehicles and electric golf cars.

A very small portion of our production is for original equipment in passenger cars while the majority is sold in the replacement market represented by more than 82,000,000 passenger cars, trucks and buses now registered in the United States. This replacement "after market" is stable and constantly increasing.

The company sells batteries under its own brands, Gould, National and Hobbs, and manufactures them for private brand mass marketers such as chain stores, oil companies, farm co-operatives, rubber companies and the replacement parts divisions of various vehicle manufacturers. Our own brands are primarily marketed through large warehouse distributors, specialty distributors and automotive jobbers.

We have accomplished a program of integrating our supply of component parts used in automotive batteries. At present, such items as containers, covers, lead and lead-oxide are being produced by us in specialized plants. This integrated manufacturing gives us control of source of supply and quality as well as manufacturing economies which are reflected in our costs.

INDUSTRIAL BATTERY DIVISION This is the second largest Division in the corporation and manufactures a complete line of lead-acid industrial batteries in plants at Trenton, New Jersey; Kankakee, Illinois and (through our Canadian subsidiary) Fort Erie, Ontario. All products distributed by this Division carry the brand trademark "Gould" and are sold direct to the user. The markets for this Division include materials handling, railroads, mines, utilities, manufacturers, communications and other segments of the economy. The Division also does a substantial volume of military business, including batteries for submarines, submarine torpedoes, and other

specialized items used by the Department of Defense.

Through its electro-mechanical section, the Division also distributes a line of battery chargers, inverters, relays, emergency lighting units and related equipment.

ALKALINE BATTERY DIVISION This Division was formerly known as the Nicad Battery Division. It produces the NICAD brand nickel-cadmium hermetically sealed rechargeable cells and batteries which have characteristics making possible their use as a power source in products which heretofore could not successfully be made portable. Electric razors, food mixers, electric toothbrushes and portable power tools are already in wide use. A few of the recent additions to this list include such things as portable electric typewriters, heated face masks for cold weather use, self-powered cordless surgeons' drills, which are safe in the volatile atmosphere of the operating theatre, a fully automatic cordless synchronized tape player and film strip projector and the electronic shrimp system illustrated in this report. Gould-National is the leading supplier to this rapidly expanding market. All estimates indicate that the field of portable power will soon become major in its scope.

These cells are manufactured at a plant located in St. Paul, Minnesota. Most sales are made under the "NICAD" brand direct to the end user through the Division's own sales force.

CONTAINER DIVISION A major part of the company's requirements for lead-acid battery containers, jars and covers is made at this Division's plants located at Huntington, West Virginia and Rock Island, Illinois. A quality control and development laboratory is maintained at the Huntington location.

LEAD DIVISION This Division, set up in 1964, includes plants formerly operated under the Oxide and Smelter Divisions. It includes a lead smelter at Omaha, Nebraska which produces reclaimed lead. Currently, the requirements for six of our battery plants are being supplied from this smelter.

One plant producing lead oxide is located in St. Paul and a second is under construction at Frisco, Texas in the Dallas area. The construction of additional lead oxide plants is being considered.

Our lead requirements for lead-acid batteries breaks down into approximately 50% lead oxide and 50% reclaimed or virgin lead.

ENGINE PARTS DIVISION Plants of this Division are located at Eau Claire, Wisconsin; Lake City, Minnesota; Howell, Michigan; and Philadelphia,

PRODUCTS AND SERVICES *of Gould-National's Divisions*



Silver-zinc batteries produced by Gould-National provide power to the control system operating the gas jets in this Aerobee Rocket manufactured by Space General Corporation of El Monte, California. These rockets are liquid fueled, tower launched and equipped with solid state boosters. They are used extensively in experimental and test work ranging from photographic missions and satellite subsystem tests to micrometeorite collection and spectral analysis. Gould-National's pioneering in the manufacture of silver-zinc batteries was a major factor in Space General's selection of our batteries for this Aerobee Rocket.

Although the major product of the Automotive Battery Division is batteries for automobiles, trucks and tractors, other products of this Division are being used in such exotic applications as this Stratoscope II tracking balloon. Produced by Vitro Laboratories, the balloon system's function is the photographing of several planets including Venus, Mars, Jupiter, and Saturn, as well as nebulae of our galaxy. Gould-National automotive type batteries are used to power the electronic equipment in this tracking balloon.

The Gould-National Research and Development Center is one of the largest in the battery industry. Projects begun here by these highly skilled scientists, engineers and technicians lead to the battery improvements that help make Gould-National a leader in its industry. This group, with their combined talents, make up one of the most highly sophisticated research and development centers existing in the battery industry today.



GOULD-NATIONAL BATTERIES, INC. RESEARCH AND DEVELOPMENT CENTER



Pennsylvania. The Division markets the brands Pedrick, Superior-Arrowhead and Burd under the overall marketing umbrella of "Gould Engine Parts." Marketed under these brands are piston rings, pistons, cylinder sleeves and other engine hard parts as well as iron and aluminum industrial castings and replacement engine parts for foreign cars. Distribution is made to manufacturers of original equipment, the automotive replacement market through automotive distributors and jobbers, and the service parts division of automobile manufacturers.

During the past year, all brand marketing, advertising and sales activities were unified under the Gould Engine Parts name. This was done to establish a single, strong identity for the diverse products of this Division.

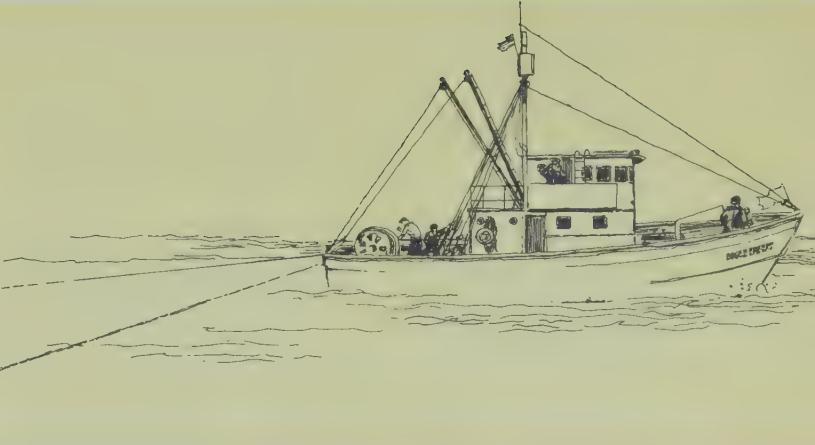
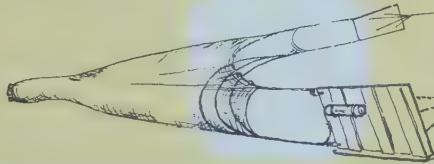
FILTER DIVISION This Division's plant, located at Longmont, Colorado, has been successively expanded since it was purchased in 1960. This summer, its production and shipment capacity will be four times that of the plant at the time of purchase. The Division manufactures and markets air, oil and fuel filters for gasoline and diesel engines. It sells to original equipment manufacturers, the automotive replacement market and the replacement parts divisions of automobile manufacturers.

The market for automotive replacement filters is expanding at a rate faster than the rest of the automotive parts market. Gould-National's Filter Division has the potential to participate to a large degree in the sales expansion of this market.

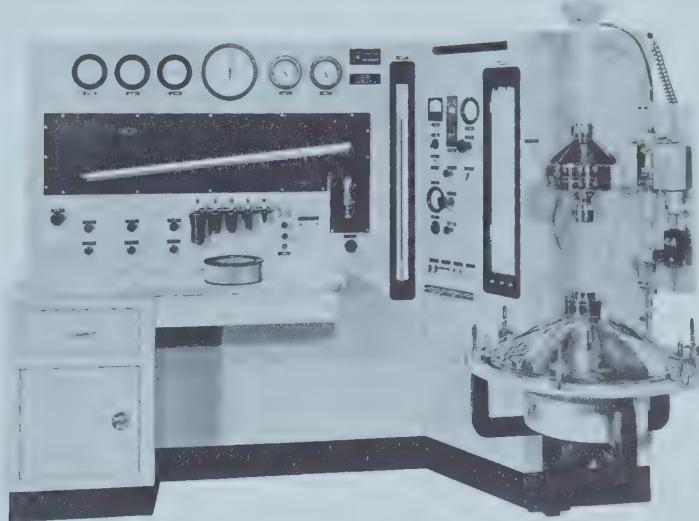
SPECIAL BATTERIES Included in this group are silver chloride and silver-zinc batteries of a highly specialized nature. Both types are manufactured in St. Paul, Minnesota and are primarily for the military. Most are used in torpedoes for the Navy and field communication and other specialized requirements of the Army and Marine Corps. We feel that major production of these types will continue to be primarily for the Department of Defense in the foreseeable future.



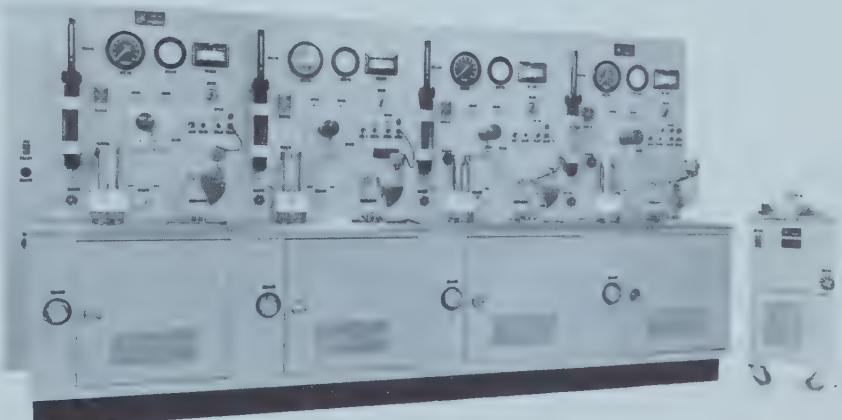
Sea Technology Laboratory of Sarasota, Florida has devised this unique new use of NICAD brand nickel-cadmium sealed cell batteries. An electronic pulse generator and its accompanying electrode array is located in the standard trawl of a shrimp boat. The pulse generator, powered by NICAD brand batteries and pictured at the left, provides an electronic impulse within the field being swept by the trawling net. This impulse causes the shrimp to have a reflex response which in turn lifts them out of the sand into which they have been burrowing. As they raise out of the sand, the net scoops them up. Use of this system has increased yields, during the test periods, up to 50% above normal.



Even a nuclear power station, such as this brand-new one located at Douglas Point in Canada, can have a power failure. When this happens the tremendous heat from the reactor must be dissipated and the automatic controls and instruments must carry on. It is for such an eventuality that Gould stationary batteries have been chosen to safeguard the Douglas Point Nuclear Power Station. They are designed to provide full instant power to take over and maintain control in case of an A.C. power failure. 120 Gould FKR-27 cells, (insert photo), connected in parallel, provide the necessary standby power.



Gould-National's continuing research and quality control programs are typified by this new laboratory test equipment installed at the Filter plant this year. The upper unit is designed to exhaustively test the air filters used in automotive, fleet, construction, farm and industrial fields. It measures, scientifically and precisely, contaminant removal and filter life. The lower unit is designed specifically to test lubricating oil filters under the latest procedures and under exact control conditions. By its use, our engineers determine, scientifically and accurately, filtering efficiency and service life.



During the year, the complete packaging program of the Engine Parts Division was redesigned. Under this program, one master design identifies all of our Engine Parts as Gould products. This unified design replaces the four different packaging systems used previously by the companies which were combined into the Engine Parts Division. A unique feature of the new program is color coding for easy brand identification of all packages. Pedrick brand boxes are coded in blue, while red is used for Superior-Arrowhead; and Burd brand parts are coded in green. In addition to the new design and color coding, the number of package sizes was cut nearly in half. Color coding makes on-the-shelf identification of the parts easier, while the reduced number and more uniform package sizes permit more efficient arrangement of parts on warehouse and stockroom shelves.

RESEARCH AND DEVELOPMENT: Gould-National's outstanding Research and Development Center is located in Minneapolis, Minnesota. It is headquarters for the company's activities in the areas of basic and applied research, product and equipment development and other fields of physical science and technology. Divisional laboratories are maintained at five other locations.

Part of the reason for Gould-National's continued growth and success is its consistent devotion to research and development and its desire to maintain the excellence and acceptance of its products in competitive markets. In addition, the scientists and technicians at the Research and Development Center are constantly working towards the improvements and innovations which will be needed for an advanced tomorrow.

A constant program of product improvement enhances Gould-National's position in the market place, but activities of the Research and Development Center go much deeper than this. New sources of packaged power such as the fuel cell; cost reductions on all existing systems and products; new market applications for our NICAD brand sealed cells; and a constant search for ways to increase the capacity of our lead-acid products—these are some of the ways in which the Research and Development Center helps maintain Gould-National's position of leadership in its various markets.

GOULD-NATIONAL BATTERIES OF CANADA, LTD.: A wholly-owned Canadian subsidiary markets the company's industrial batteries and engine parts in Canada. Its headquarters and industrial battery manufacturing plant are at Fort Erie, Ontario. Recent expansion of this plant make it one of the most modern industrial battery plants in all of Canada. Industrial batteries, marketed by Gould of Canada, are manufactured at Fort Erie. Engine parts marketed in Canada are supplied to the subsidiary by the domestic Engine Parts Division and overseas suppliers of foreign car parts.

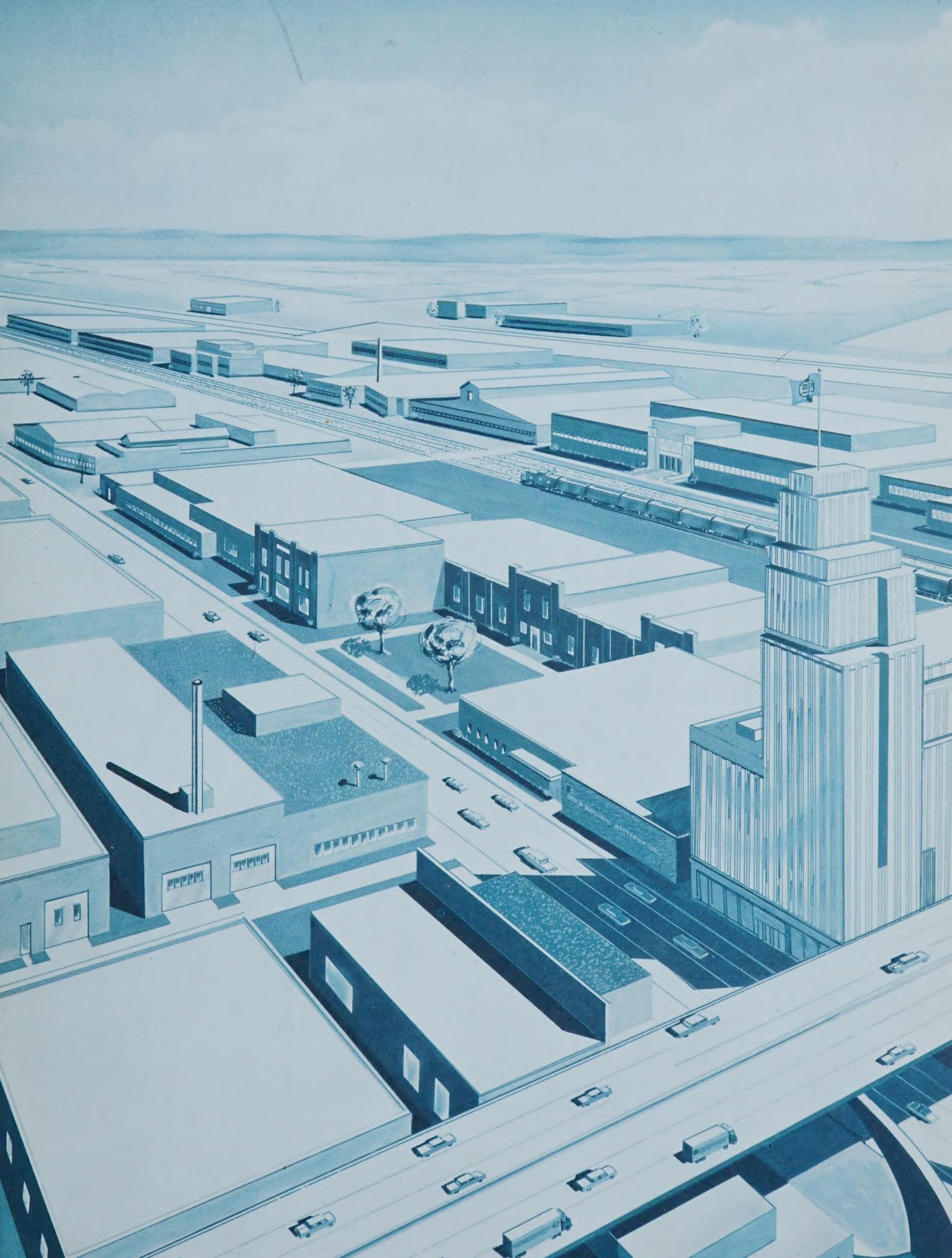
In addition to the operation of Gould of Canada and present foreign licensing agreements, further penetration of major foreign markets is now under consideration.

Another new application for NICAD brand batteries is the La Belle Courier—the first fully automatic, battery operated, synchronized tape player and filmstrip projector. Its cordless power feature and portability permit a sales presentation practically anywhere. The battery pack permits more than 10 average length showings per day. Over-night charging is an additional feature which allows the unit to be ready each morning for another day's work. Of great value for sales presentations, the Courier represents one more on the growing list of new and unusual applications made possible through the use of NICAD sealed cell batteries.



Our "Gould Nugget" convention display won this first place award at the 1964 International Automotive Service Industries Show held in San Francisco in conjunction with the Pacific Automotive Show last February. Selection of our winning booth was made by a 13-member panel of jobbers from all over the United States. Quality products of three Gould-National divisions, automotive batteries, engine parts and filters, were featured at the exhibit which was styled along the lines of an old-fashioned western saloon.





DIRECTORS

	<i>Date Elected</i>	<i>Principal Occupation</i>
FRANCIS D. BUTLER.....	August, 1947	Partner, Doherty, Rumble & Butler, Attorneys, Saint Paul, Minnesota
CHARLES J. CURLEY.....	August, 1956	Chairman of the Board First Trust Company of Saint Paul
ALBERT H. DAGGETT.....	November, 1936	Chairman of the Board of the Company
NORMAN R. FARSJE.....	June, 1964	Vice President—Director of Sales of the Company
JOHN S. HOLL.....	September, 1955	Chairman of the Board, Dayton Rogers Manufacturing Company, Minneapolis, Minnesota
ARCHIBALD B. JACKSON.....	October, 1956	Chairman of the Board, St. Paul Fire and Marine Insurance Company
FRED W. ROTH.....	October, 1957	President of the Company
ATHELSTAN F. SPILHAUS.....	June, 1964	Dean, Institute of Technology University of Minnesota
LYMAN E. WAKEFIELD, JR.....	June, 1950	Vice President, The First National Bank of Minneapolis
E. IRVING WHYATT.....	August, 1960	Vice President—Administration of the Company
JOHN M. YOUNG.....	November, 1956	Vice President, Young's Market Company, Los Angeles, California

OFFICERS

ALBERT H. DAGGETT.....	<i>Chairman of the Board</i>
FRED W. ROTH.....	<i>President</i>
ALAN W. BRUNSELL.....	<i>Vice President—General Manager, Automotive Battery Division</i>
LINNEAUS C. COOK.....	<i>Vice President—Operations, Automotive Battery Division</i>
DAVID A. COWHIG.....	<i>Vice President—Sales, Engine Parts Division</i>
NORMAN R. FARSJE.....	<i>Vice President—Director of Sales</i>
B. DOUGLASS HOLLAR.....	<i>Vice President—General Manager, Filter Division</i>
R. W. HOWARD.....	<i>Vice President—Operations, Engine Parts Division</i>
JOHN O. LUTZ.....	<i>Vice President—General Manager, Engine Parts Division</i>
GEORGE P. MILLINGTON, JR.....	<i>Vice President—General Manager, Industrial Battery Division</i>
DONALD J. NEDVED.....	<i>Vice President—General Manager, Alkaline Battery Division</i>
JOSEPH W. PALLATT.....	<i>Vice President—Operations, Industrial Battery Division</i>
ROBERT W. STOLL.....	<i>Vice President—Sales, Automotive Battery Division</i>
E. IRVING WHYATT.....	<i>Vice President—Administration</i>
HARVEY N. STOVER.....	<i>Assistant Vice President—Industrial Battery Sales</i>
FLOYD H. DAETHN.....	<i>Treasurer</i>
HENRY A. GREGG.....	<i>Secretary</i>
EDWARD T. NAKAGAWA.....	<i>Assistant Treasurer—Filter Division</i>
MANSON REEDAL.....	<i>Assistant Secretary</i>
RODNEY P. THORESON.....	<i>Assistant Secretary</i>

MANAGEMENT of Gould-National Batteries, Inc.

**GOULD-NATIONAL
BATTERIES
OF CANADA, LTD.**

Directors

ALBERT H. DAGGETT
RICHARD G. NEILL
PHILIP E. NOBLE
FRED W. ROTH
E. IRVING WHYATT

Officers

ALBERT H. DAGGETT,
Chairman of the Board
FRED W. ROTH,
Vice Chairman of the Board
RICHARD G. NEILL,
President
E. IRVING WHYATT,
Vice President
PHILIP E. NOBLE,
*Vice President—
Industrial Production*
DONALD H. SHAW,
Vice President—Sales
HUGH F. GIBSON,
Secretary
ALBERT R. CHEVALIER,
Treasurer
HENRY A. GREGG,
Assistant Secretary
PHILIP W. ROBERTS,
Assistant Secretary

**CORPORATE
DATA**

GENERAL OFFICE
E 1200 First National Bank Building,
Saint Paul, Minnesota

LEGAL COUNSEL
Doherty, Rumble & Butler,
Saint Paul, Minnesota

TRANSFER AGENTS
First Trust Company of Saint Paul
Morgan Guaranty Trust Company of New York

REGISTRARS
The First National Bank of Saint Paul
The First National City Bank of New York



GOULD-NATIONAL CITY

The 31 existing Gould-National plants and the 2 under construction are found from coast to coast, border to border and in Canada. Each is architecturally designed for the type of product produced therein. Each is set down in just a little different setting depending on geography and climate. Therefore, it has always been difficult to literally visualize Gould's entire manufacturing complex.

In order to give you a panoramic view of our plant network, our artist has arbitrarily created "Gould-National City." In the middle is the First National Bank Bldg. of St. Paul, headquarters for the firm's general offices. Surrounding it are all the plants which make up Gould-National Batteries, Inc.